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## **Costa Rica**

### **Retail Food Sector**

### **UPDATE**

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**Report Highlights:**

The Costa Rican retail food sector is expected to grow at a rate of 20% a year. Total food imports in 2006 reached \$924 million. With over 320 supermarkets, 13,000 traditional markets, and expansion expected in the gas mart/convenience store sector, the sector continues to seek and want U.S. products -- although competitor countries are both aggressive, and expanding in all food categories. The 25+ retail food executives interviewed for this report clamored for U.S. private label products, novelty food and beverage items, and more canned products. They seek to continue and expand their relationships with U.S. exporters whom they hope will show a greater interest in making and packaging food products appropriate for the tropics.

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## SECTION I. MARKET SUMMARY

The Costa Rican retail food market landscape consists principally of five major grocery store chains contributing to over 265 supermarkets, and some 13,000 traditional mom-and-pop/neighborhood stores. In the middle, are a few, popular, new, and evolving convenience stores and gas marts. Experts in all three sectors proclaim growth rates of approximately 20 percent in 2007 and into the future.

The small Costa Rican market of 4.4 million is dynamic, evolving and uniquely challenging for the U.S. new-to-export, or mature international food conglomerate. Often rated as 'user-friendly' it is an ideal gateway to the larger Latin American market of over 550 million residents, many of whom are young. Known for its beach and mountain resorts, the country adds more than 1.7 million tourists and thousands of affluent pensioners to its retail food base every year. Tourism is estimated to reach an annual growth of 10 percent over the next six years. Fueled by this growth, the total value of imported consumer-oriented food is expected to increase over 15 percent per year over the next three years, or some 45 percent between 2007 and 2010.

Costa Ricans spend about 30% of their income on food products. The local food industry (comprised of about 20% large companies and 80% small and medium-sized enterprises) has been steadily growing and incorporating technological advances to increase exports and offers a wide variety of products for local consumption: fresh and processed tropical fruits and vegetables, bakery products (bread/cookies), pasta, sauces, snacks, juices, and of course, dairy products, red meat, poultry and fish/seafood.

In 2006 total food imports reached \$924 million. Imports from neighboring countries (Mexico, Guatemala, Panama, Nicaragua) include a large variety of products such as fresh fruit and vegetables, liquor, cereals and beans. Other major suppliers that seek to increase their exports to Costa Rica include Canada, Chile and, most recently, China.

Several large wholesalers and importers distribute products to the three food retail sub-sectors. Supermarkets and convenience stores extensively use in-house procurement departments. Distribution channels are similar for all products, although some (fresh fruit, vegetables) require special handling.

The Costa Rican consumer is receptive to imported foods, and shows a trend toward buying more convenience foods (encouraged by supermarkets, superstores and convenience stores). U.S. food products, despite tariff disadvantages that can range from 15-50 percent, are viewed as reasonably priced, and highly consistent in quality, value and appeal. Despite the kudos, Costa Rican food executives encourage U.S. food manufacturers and suppliers to:

- Promote private label brands/products,
- Promote novelty food and beverage items (spawned by tourist and pensioners),
- Become more aggressive (in all sectors: especially canned and fresh fruits and vegetables, processed foods, etc.),
- Demonstrate greater interest in '*tropicalizing*' products for the Costa Rican market (*tropicalizing* refers to characteristics/concepts such as: packaging in smaller volumes & appropriate for the heat of the tropics; incorporating popular local flavors, i.e. fruit, etc.),

- Demonstrate greater interest in providing environmentally friendly packaging, and
- Demonstrate greater interest in Central America's smaller, but viable markets.

**BEST PRODUCT PROSPECTS**

<b>Table 1.</b> <b>List of Best Prospects for Costa Rica's Retail Food Market - 2007</b>	
<b>Baking soda</b> <b>Beverages</b> <ul style="list-style-type: none"> <li>- Chocolate drinks</li> <li>- Energy drinks</li> <li>- Grape drinks – light</li> <li>- Ice tea – all types</li> <li>- Milk &amp; lactose-free drinks</li> <li>- Novelty drinks - all</li> <li>- Soy drinks, soy milk</li> <li>- Water – especially vitamin and flavored</li> </ul> <b>Biscuits</b> <b>Cake and brownie mixes</b> <b>Candy</b> <b>Cheeses</b> <b>Coffee supplies</b> <ul style="list-style-type: none"> <li>- All coffee supplies</li> <li>- Cream flavorings for coffee - powder &amp; non-powder</li> <li>- Syrups</li> </ul> <b>Condiments</b> – any new variation of mayonnaise, ketchup and mustard (all three very ubiquitous) <b>Cookies</b> <b>'Fiesta products'</b> – i.e. avocados, chili, tostadas, etc. <b>French fries</b> <b>Frozen foods</b> <b>Frozen vegetables</b> <b>Fruit</b> - all fruits <ul style="list-style-type: none"> <li>- Apples</li> <li>- Canned fruit</li> <li>- Grapes: especially for times other than December and January</li> </ul> <b>Gourmet foods</b>	<b>Kosher foods</b> <b>Lentils</b> <b>Low calorie</b> food products <b>Malt</b> – not roasted <b>Margins</b> <b>Meats</b> <ul style="list-style-type: none"> <li>- Beef jerky</li> <li>- Beef, chicken, turkey patties; breaded and non-breaded</li> <li>- Ham - frozen</li> <li>- Pork meat – to include prepared and frozen</li> <li>- Prepared meat</li> </ul> <b>Mushrooms</b> <b>Nuts/Peanuts</b> – mixed <b>Prepared foods</b> - novelties <b>Private label foods</b> – all <b>Seafood</b> <ul style="list-style-type: none"> <li>- Canned crustaceans and mollusks</li> <li>- Mollusks – fresh and frozen</li> <li>- Frozen mixed/variety (used in gumbos and soups)</li> <li>- Fresh fish – refrigerated, frozen &amp; fresh; specialty high-end fish</li> <li>- Salmon: smoked &amp; fresh</li> <li>- Tuna - canned</li> </ul> <b>Snacks</b> <b>Soup</b> – Instant/cup <b>Vegetables</b> <ul style="list-style-type: none"> <li>- All</li> <li>- Canned corn</li> <li>- Canned peas</li> </ul> <b>Vegetable oil</b> <b>Wine</b>

Source: COBOLCOR staff collected this **List of Best Prospects** from the following sources (July and September 2007):

- Over 20 interviews with executives from the country's major: food chains, food distributors, importers and food chambers,
- Review of trade data from countries presently experiencing growth in their exports to Costa Rica,
- The author's observations and conversations with frequent U.S. travelers, residents and visitors to Costa Rica ,
- Visits and analysis of over 20 retail food outlets, and
- Interviews with traditional market owners.

## SECTION II. ECONOMIC OVERVIEW

In 2006, Costa Rica imports, in all sectors, reached \$11 billion of which \$2 billion were from the U.S. The country's exports totaled \$8 billion principally in fruit, coffee and textiles. Costa Rican food-related exports increased some 22 percent in 2006 to nearly all its trading partners, with a 30 percent increase in food-related exports to the U.S.

The U.S. exported \$311.5 million worth of food and agricultural products to Costa Rica in fiscal year 2006, of which two thirds were bulk commodities. U.S. products accounted for 44 percent of all agricultural and 25 percent of all food and beverage products.

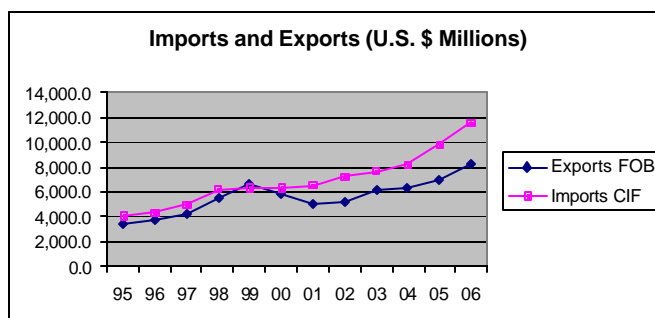
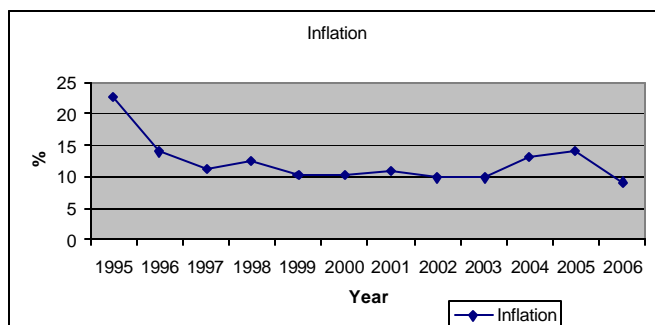
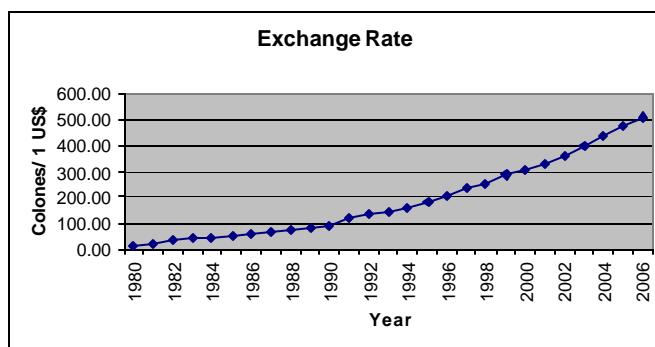
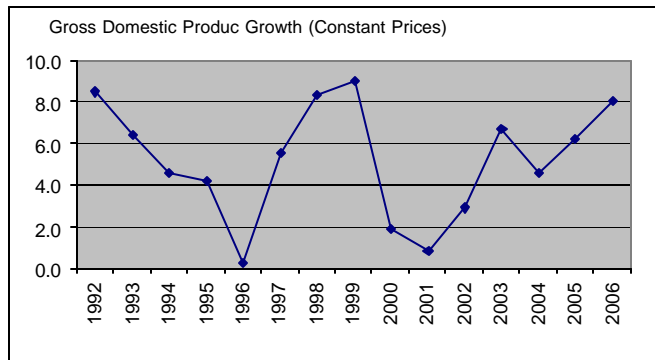
The 20 percent growth experienced in all three retail food sectors reflects a number of major social and economic changes. According to statistics gathered by the National Institute of Statistics and Census (INEC) the following list of changes occurred in the some 5,000 urban and rural residents interviewed from 1988 to 2004. The dynamics of these changes (see the list below and Table 2) have caused repercussions within the retail food sectors.

- Have smaller households (from 4.6 to 3.7) with a larger percentage of older adults
- Have higher per-capita income (GDP in 2006 was \$12,500)
- Have spending habits that focus on products and services appropriate for adults (instead of toys, milk and school supplies, for example)
- Live among more foreigners and immigrants
- Mortality rate has decreased
- Life expectancy increased to 78.7
- Have a larger cohort (64.3 percent) of individuals 15 to 64 years of age
- Average years of education increased, and
- Women entering the workforce increased 10 percent.

<b>Table 2.</b> <b>Consumer Expenditures Structure by Area according to Consumer Goods Groups</b>			
<b>Consumer Goods Group</b>	<b>Total Country</b>	<b>Urban Area</b>	<b>Rural Area</b>
Food, tobacco and beverages	21.9	20.0	27.4
Clothes and shoes	6.9	6.6	7.6
Home rent and services	10.6	10.9	9.8
Furniture & home accessories	8.9	8.7	9.6
Healthcare	4.7	5.1	3.6
Transportation	14.8	15.1	14.1
Communications	4.7	5.0	3.6
Entertainment & cultural activities	7.9	8.2	6.9
Education	3.5	4.2	1.6
Food and beverages outside the home	8.7	8.6	9.0
Other goods	7.4	7.6	6.8
<b>Percentage of expenditures in food</b>	<b>30.6</b>	<b>28.6</b>	<b>36.4</b>

\* Source: INEC (Instituto Nacional de Estadística y Censos) -*National Census of Income and Statistics conducted this study of 5,000 urban and rural residents from 1988 to 2004.* Urban areas of the Greater Metropolitan area include 60 percent of the population located in urban areas such as San José (the capital city), Alajuela, Heredia, and Cartago.

The consistency and resilience of the Costa Rican economy is evidenced by growth in both imports and exports, and GDP, as well as a recent decline in inflation.

**GENERAL ECONOMIC INDICATORS: Charts 1, 2 , 3 & 4**

Source for Charts 1-4: Banco Central de Costa Rica

### SECTION III. ROAD MAP FOR MARKET ENTRY

#### A. Key Distribution Channels

Flow charts in the following sections describe the principal channels of distribution in Costa Rica's three-tiered food retail system. A noticeable trend in the industry is the use of in-house purchasing departments, especially by supermarket chains who directly contact both local and foreign suppliers and import directly. As well, retailers use all, or most of the following channels to obtain both standard and new products for their outlets:

<b>Table 3.</b> <b>Procurement/Distribution Channels used by Retailers in Costa Rica</b>	
1.	Established importers and wholesale distributors with "infrastructure muscle": (trucks, computerized warehouses around the country, etc.) to include some of the nation's long-standing and important distributors such as: Grupo Constenla S.A., Mercantil de Alimentos S.A., Distribuidora Pedro Oller (DIPO), Mercasa, S.A., Interfrutd.
2.	Importers and representatives with exclusive arrangements
3.	Wholesalers
4.	Manufacturers in Costa Rica, Central America, and around the world
5.	Retailers' (PriceSmart and Wal-Mart) regional offices in Panama or Guatemala (mainly)
6.	Retailers' (PriceSmart and Wal-Mart) offices in the U.S.
7.	Brokers, suppliers and consolidators within the U.S. (mainly Florida, Georgia and Texas)
8.	Local producers and suppliers (to include farmers' markets and wholesale distribution centers for fish, meat, vegetables and fruit)

Source: COBOLCOR

The 13,000 traditional market owners use some of above channels but also rely on entities like the Costa Rican Chain of Food Retailers (Cadena de Detallistas)\* with their numerous warehouses and self-serve distribution centers. However, over the last several years owners of traditional markets also use wholesale/membership clubs, warehouse supermarkets, and other supermarket formats in completing their purchases and identifying new products, and cheaper prices for their clients.

An analysis of the changes which have been occurring, since the late 1990s, in supply and distribution trends in the Costa Rican market can be found in a 2005 study by three professors of the Costa Rican university E.A.R.T.H. [M.Figueroa, I. Alvarado, J.French; *Tierra Tropical* (2005) 1 (1): 37-43], ISSN: 1659-2751]. The authors identified three different distribution schemes presently operating at various levels in the country:

- Producer ->Intermediary Supplier ->Intermediary Distributor -> Supermarket -> Client
- Producer -> Intermediary Distributor -> Supermarket -> Client, and
- Producer -> Supermarket -> Client.

Note: \* Please note that the *Chain of (Food) Retailers* (Cadena de Detallistas) is different from the *Chamber of Retailers* (Cámara de Detallistas).

They conclude that:

- The presence of the Intermediary Supplier and Intermediary Distributor models will continue to decrease, and
- The changes in distribution channels which force growers to deal directly with supermarkets, are forcing growers to: 1) produce better quality, 2) produce products with adequate phytosanitary prerequisites, and 3) produce more quantity.

## B. RETAIL FOOD SECTOR STRUCTURE

### 1. Super Stores and Supermarkets

#### a. Market Structure

Costa Rica's five principal supermarket chains consisting of Consolidated Supermarkets United (CSU/ Wal-Mart Central America) Grupo Zeta (Mega Super), Automercado, Perimercados and PriceSmart account for over 268 supermarkets (119 in 1999; 223 in 2004). By 2009, projections are that these five chains alone will account for over 300 supermarkets.

Through acquisitions, mega-mergers, buy-outs, and intense competition, -- and not *without* intense controversy from growers, suppliers, distributors, traditional market owners, food chambers, consumers and others -- these five mega-retailers, in eight short years more than doubled their footprint. It is said the growth of the supermarket phenomena in Latin America took only 10 years what took nearly 60 years in the U.S.

A study by a prominent Costa Rican food chamber in 2002 stated that 50 percent of Costa Ricans frequent large supermarkets while 50 percent frequent the small traditional markets.

Costa Rica's ride into fast-track supermarket development was spawned from a combination of factors: the country's rich democratic and stable heritage, a high rate of literacy, sound economic growth, relatively low rates of inflation and solid rates of employment. Eventually these factors led to the arrival of dozens of multi-national manufacturing firms, fast-food chains (KFC arrived in San José some 30 years ago) and eventually the designation as a major, coveted and highly-prized international tourist destination and home to pensioners and sometimes international super-stars, to name a few.

The five major retailers offer all Costa Ricans a rich mix of shopping formats in stores ranging from 1,000 square meters to over 26,000 square meters. Formats sometimes include smaller square footage variations of standard sizes found in the U.S., but include:

- |   |                                       |
|---|---------------------------------------|
| • Limited-assortment store  | • Supermarkets                        |
| • Membership wholesale clubs  | • Superstores                         |
| • Mini-Clubs (1/4 the size of wholesale clubs with a cash & carry concept and some 60 per cent of the SKUs of normal wholesale clubs) | • Super Warehouses                    |
| • Super warehouse stores  | • Warehouse stores, and               |
| • Supercenters  | • Internet-based grocery distribution |

These 10 formats allow every socio-economic strata and population group to find either prices that meet their budget, or in the case of the upper-class or pensioner community -- a variety of high value products.



Some individuals buy their basics (called 'canasta básica') in the most economical store, and then purchase a variety of products in other retail formats. Three of the nation's five largest chains penetrate the market at more than one format level. Food retail executives stated plans to open new supermarkets in both urban and tourist areas especially in the extremely popular province of Guanacaste (vacation/beach area) before the close of 2007 as well as into the future. The increasing number of pensioners and tourists flocking to Costa Rica are seen as reason enough for expansion.

Wal-Mart for example just opened the seventh of its largest, most *Wal-Mart-like* stores in the province of Cartago and will open another four stores by year's end. Mega Super (Grupo Zeta) has eight stores planned for construction by the end of 2007, and Auto Mercado has two more planned for 2007, and two to three more for 2008.

## **b. Store Trends**

Walking into most Costa Rican larger and newer supermarkets is reminiscent of walking into a newer U.S. grocery store.

Costa Ricans make their major grocery store purchases every two weeks, or as Latin Americans say, 'every 15 days.' Going to the large, new, brightly lighted stores with aisles upon aisles of food selection and options from all over the world, has turned into a kind of *outing experience* that can occupy hours of a family's time. Supermarket purchases are supplemented with smaller purchases during the week at the traditional neighborhood store called *pulperia* or at 'mini-supers.' (See section on Traditional Markets).

As the five mega-retailers try to win new customers, some stores compete not only on price and selection but by providing numerous ancillary services under the same roof. A partial list of services or kiosks found in a supermarket's compound includes:

- Bakery
- Banking services
- Bill payment services:  
utilities, credit cards, etc.
- Cafeteria services
- Car and tire centers
- Carry out services
- Catering services
- Cell phone sales and  
service
- Coffee bars
- Deli services
- Dry cleaning services
- Fashion boutiques/kiosks
- Florists and plant shops
- Jewelry stores
- Office services
- Pharmacy
- Photo services
- Shoe repair
- Snack/soda shops
- Sushi-to-go
- Video rental

Most large supermarkets also offer a combination of 'loyalty points', their own credit cards, and a number of other amenities, like exercise programs to further entice and win-over customers.

Some 867,000 Costa Ricans (20.3 percent of the population) have access to the Internet and are comfortable cyber-surfing for groceries. The high-end supermarket that in 2002 pioneered on-line grocery sales and home delivery, experienced a 10 percent growth in it's on-line sales in 2006. Other chains now offer the same service. Some food importers and distributors are also taking cyber-orders and making 'home deliveries.

All five major supermarket chains have sophisticated web sites. While U.S. supermarket web sites address food prices and recipes, Costa Rica's supermarket web sites focus on concepts more important to the latino consumer:

- the experience of shopping in a store,
- how the store satisfies the necessities of customers and the customer's family, and
- how 'their' supermarket offers a tranquil and pleasant environment with service that is efficient and personalized.

### c. Entry Strategy

Supermarket executives interviewed indicate most of their stores carry between 3,500 to 30,000 SKUs and a range of 300 to 5,000 brands. Approximately:

- 55 percent of their stores' products are imports (averages between 50 and 60 percent), and
- 32 percent of all imports are from the U.S. (averages between 20 and 40 percent).

See Section on Best Product Prospects for a summary of new food products of interest to retailers. All food retail executives repeatedly stated strong interest in:

- Being *the first* to bring new, different and exciting food products from the U.S. to their stores,
- Adding, or expanding private labels from the U.S., and
- Continuing, and/or expanding their relationships with U.S. suppliers and consolidators.

One major super warehouse retailer interviewed sites the following recent growth patterns and trends:

Food item	Growth Percentage
Beer & Wine	35 %
Candies and Chocolates	30%
Canned Fruit	20%
Canned Vegetables	20%
Cereal	10%
Fish & Seafood	15%
Fresh Fruit	10%
Fresh Vegetables	10%
Frozen Vegetables	30%

Organic foods	15%
Pet food	15%
Snacks, all kinds	40%

Source: COBOLCOR

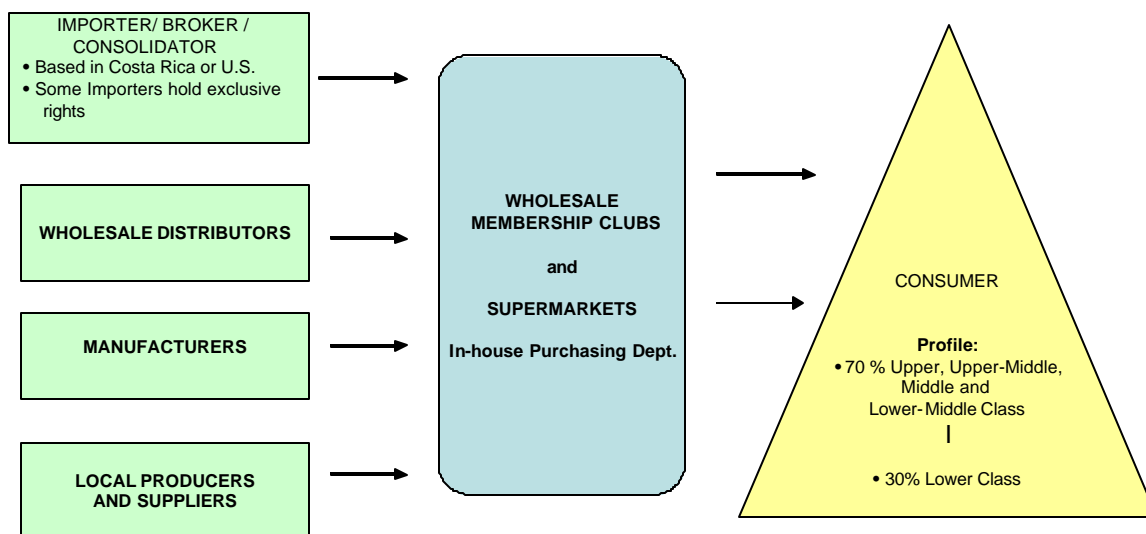
Several executives cited interest in the following items and activities:

- more fresh food products,
- generic labels with products in larger sizes and with simpler labels,
- possibly establishing a whole section within a supermarket offering tourists, pensioners and others, niche-brand products, and
- receiving training on special handling of high end food products (beef, processed foods, etc.).

### c. Distribution Channels

#### Flow Chart 1.

#### CHANNELS OF DISTRIBUTION IN COSTA RICA FOR MAJOR SUPERMARKETS AND WHOLESALE CLUBS



Source: COBOLCOR

## c. Company Profiles

**Table 3.**  
**Super Stores and Supermarkets – Company Profiles**

Retailer Name	Ownership	Sales (\$Mil/Year)	No. Of Outlets	Locations (Urban/Rural) (City/Region)	Purchasing Agent Type
<b>AM/Auto Mercado</b>	Local	\$100	10	90% Urban 10% Rural/Beach Area Guanacaste	No brokers used.  Uses U.S. consolidators.  Wholesalers, distributors  Direct purchases.
<b>PriceSmart</b>	Foreign (U.S.)	Not for public dissemination	4	100% Urban	Through U.S. headquarters-60% Regionally (Panama) & local-40%
<b>Perimercados</b>	Local	\$170	46  (projected 50 by end of 2007)	50% urban 50%rural  16 points of sale in Province of Guanacaste; will further expand in Guanacaste where stores presently account for 35% of total sales.  Three profiles of stores: - Perimercado (Supermarket) - Jumbo (Supermarket/discount) - Super Compro (Whse. Discount)	Importers (3%) Wholesalers/Distributor (97%)
<b>Mega Super</b>	Foreign/Local	\$150-200	68  8 under construction	60%Urban 40%Rural	Importer & Direct
<b>Wal-Mart</b>	Foreign/Local (U.S)	\$490	140	Pali (Whse discount) = 105 Urban/Rural  Max X Menos (Supermarket) = 23 Urban/Rural  Maxi Bodegas (Whse./discount) = 8 Urban/Rural  Hiper Más (Superstore) = 4 Urban	Importers and Brokers. Directly from suppliers. Through regional office in Guatemala. Wholesalers.

Source: COBOLCOR & interviews with food sector executives July 2007.

## 2. Convenience Stores, Gas Marts

### a. Market Structure

Gas stations in rural and tourist areas appear to be without an organized convenience store system or network. There are some convenience store/gas mart hybrids located in large, important highway intersections that resemble 'mini-supers' (derived from the traditional market, the pulperia). The gas station and the convenience store are usually owned by the same proprietor. In urban areas convenience stores are run by three major players Shell, AM/PM and Texaco (Chevron).

Shell expects a 10 percent growth (2007) in food sales in its 10 gas marts nationwide. From 2003-2007 Shell experienced a 20 percent growth in the energy drink sub-sector, their most important product. A portion of Shell's convenience stores serve a limited sit down breakfast and lunch menu and many stores carry more over 1000 products and 1000 brands. Seventy percent of their products are imports, and 80 percent of those imports, snacks, are from the U.S.

Another major player, AM/PM (6 AM to 12 Midnight) has 13 urban stores selling some 2,500 products (mostly food-related) from some 600 brands in stores that are 150 to 350 square meters. Approximately 25 percent of AM/PM products' are imports. AM/PM's prepared food sector experienced an astounding 400% growth, in 2006 over the previous year. Growth in prepared foods is attributed, in part, to San Jose's traffic congestion requiring people to leave home early, without breakfast, and eat lunch at locations close to work instead of returning home for lunch as Costa Ricans historically have done. *Gallo pinto* (rice and beans), the nation's national dish, is now sold at convenience stores and consumed from plastic containers at work.

AM/PM plans to open seven more of its urban stores by 2009 and expand its prepared food kitchen operations due to the growth in this sector. AM/PM is intent on selling products that are only quick, tasty, convenient and freshly made in AM/PMs kitchens and/or on location in their small self-serve counters which feature a variety of snacks and take-out foods. Every month AM/PM sells some 7,000 pizza baguettes. And while frozen foods are not desirable in these enterprises, *fiesta products* (avocados, guacamole, chili, tostados, beer, wine) are.

While recognizing the need for their stores in resort locations AM/PM does not plan to expand into outlying areas for six to seven years citing infrastructure concerns.

Meanwhile, AM/PM has invented a new high-end hybrid within the convenience store sector and recently opened four *Fresh Market* convenience stores, or *food boutiques* catering exclusively to the upper class female shopper, affluent pensioners and ex-pats – to name a few. These 350 square meter food boutiques feature some 3,500 products, representing some 800 brands.

The future of convenience stores and gas marts, may lie, in part, with the tourist industry where the seven-to-14 day vacationer often requires nothing more than a quick familiar snack or familiar soda drink purchase from a gas mart or convenience store rather than a supermarket visit.

Nearly 1.8 million tourists leave some \$1.6 billion in tourist revenues in Costa Rica. An average of 1,888 international flights a month (472/week; reported for the first half of 2007) land in this country the size of West Virginia -- a 37 percent increase over 2006. Tourists in rental cars and large tourism buses can overload existing and oftentimes scarce gas stations on the country's sometimes-desolate roadways. The void in gas marts is being met with hybrid enterprises that combine mini-supers (derived from the traditional market, the pulperia, see section on traditional

markets) and gas stations, usually owned by the same local proprietor. Growth in this area is both expected and necessary.

### c. Entry Strategy

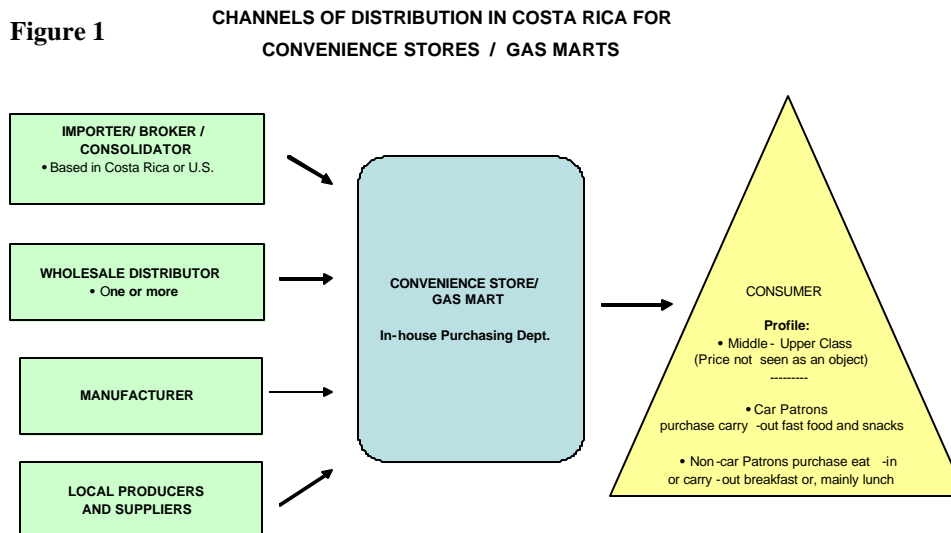
The nation's convenience stores and gas marts are both evolving and experiencing spotty growth. Variations exist between the numerous urban gas-marts and convenience stores, and the infrequent stores in areas outside of San Jose, along the nation's roadways, or in the rural, mountain and beach regions of the country.

Convenience store executives indicate that while price is not a factor for the convenience store customer, quality, flavor and the novelty of a product are important. Executives encourage U.S. food and beverage exporters to be more aggressive in bringing new products to their stores despite the high tariffs associated with key convenience store products like drinks, snacks and chocolates.

Costa Rican imports of soda and flavored water doubled from \$7.9 million in 2004 to \$15.6 million in 2006 indicating substantial growth that could continue in the future. The U.S. share of that import category was overshadowed by imports from Austrian and Central American suppliers. Executives noted that tasty, new beverages, mainly from Central American suppliers are important for their expanding and evolving inventories, however supplies are often inconsistent. U.S. products, on the other hand, they say, are always consistent in quality and supply. U.S. imports of cookies, pastries, chocolate, candy, as well as fruit and vegetable juices, mainstays of convenience stores, jumped from \$13.9 million in 2004 to \$24.1 million in 2006, however, additional new U.S. products in these categories are sought-after. See Table 4.

### c. Distribution Channels

**Flow Chart 2.**



Source: COBOLCOR.

## d. Company Profiles

**Table 4.**  
**Convenience Stores, Gas Marts – Company Profiles**

Retailer Name	Ownership	Sales (\$Mil/Year)	No. of Outlets	Locations (Urban/Rural) (City/Region)	Purchasing Agent Type
<b>AM/PM and Fresh Market</b>	Local	Not available	13 AM/PM Convenience stores. Goes from 6AM to 12 midnight  4 Fresh Market –Upscale convenience store and food boutique	Urban	Direct purchase and Wholesalers constitute 75 per cent of their purchases.  Seek relationships with importers.
<b>SHELL</b>	Foreign 60% Netherlands, 40% UK	\$4.5 million	10	Urban	Uses a combination of importers, distributors Consolidators (in U.S.) and wholesalers as well as purchasing directly.
<b>TEXACO</b>	U.S./Local	Not available	7	Urban	Direct purchase and Wholesalers

Source: COBOLCOR & interviews with food sector executives July 2007.

## 3. Traditional Markets

## a. Market Structure

Estimates are that there are over 13,000 traditional grocery stores in Costa Rica. The concept of the traditional grocery store, or “pulperia” (*pul-per-ia*; also called *bodega*, or *tienda de alta frecuencia* in other countries) is popular in Costa Rica and throughout Latin America.

These grocery stores which can be the size of a large closet, or as large as 5,000 square feet (called mini-supers), are, still today, the backbone of Latin America’s food retail industry. It can be said that tastes are first cultivated in this very traditional, neighborhood store.

Depending on it’s size, a pulperia can stock from 300 to >1000 items. Despite it’s limited variety (by U.S. standards), some customers are known to visit their favorite neighborhood pulperia, as often as four times a day. And while middle class Costa Ricans enjoy their bi-weekly visit to a large supermarket, many supplement the large weekly purchase with visits to these popular traditional markets which pepper most urban and rural neighborhoods.

There are three key distinguishing features of the Costa Rican, and Latin American pulperia:

- food items are sold in small packages, or the smallest unit packaged by manufacturers (i.e. small envelopes found in box with 10 small envelopes);
- food items are in limited quantity; and,
- an easy line-of-credit (no application, no credit cards required) to loyal clients is readily available.

A recent **Wall Street Journal Americas** article (*Proctor & Gamble battles to conquer the poor; the conglomerate learns the importance of the corner store*, No.626, July 23-29, 2007) underscores the importance of these traditional Latin American markets. According to the article, Procter & Gamble (P&G) views these traditional markets as an important 'gateway' to creating and maintaining loyal customers. Contrary to what was anticipated, at least in the case of Mexico, Wal-Mart's arrival was not viewed as competition to the some 620,000 traditional Mexican markets. Rather, P&G ranks the traditional stores as their number one client, -- and Wal-Mart, number two.

Immigrants living in Costa Rica for dozens of years report having never shopped in a non-traditional store preferring to use the pulperia for all grocery purchases.

Rural pulperias and mini-supers or traditional mom-and-pop stores also fill an important niche providing rural residents, *tourists and pensioners* in remote beach and mountain resorts with all the basic conveniences not presently filled by gas marts, convenience stores or large supermarkets.

A new, expanded version of the pulperia, called 'mini-supers' has arrived and fills a position in between the large retail supermarket, the convenience stores and the pulperia. These mini-supers carry thousands of products and are a combination of a 'dollar store' and a pulperia containing a large variety of non-food items.

#### **b. Entry Strategy**

Traditional Markets can be used as an entry strategy and learning laboratory for U.S. exporters. U.S. exporters often think only in large sales and larger volumes. A small market like Costa Rica is seen as unattractive or a waste of time. However, many U.S. food manufacturers are already packaging, for their U.S. consumers, food items which could have instant and ready appeal to Costa Rica's 13,000 pulperias as well as the millions of 'stores of frequent use' (tiendas de alta frequency) that dominate Latin America's food retail sector.

A pulperia, for example, will sell the one-hundred-calorie cookie package (found in boxes containing 10, 100 calorie packages), or a .06 oz cylinder package of powder ice tea mix individually. A box containing 10 small envelopes, for example, produces 10 customers in Costa Rica's traditional markets. For financial and cultural reasons customers only purchase items for that day or the next day.

#### **c. Distribution Channels**

Traditional Markets distribution channels incorporate wholesale and warehouse stores. Most pulperia owners buy one or two weeks worth of merchandise for their stores, in addition to making extra daily purchases. Historically they have relied on established distributors, wholesalers and importers such as Grupo Constenla, Distribuidora Pedro Oller, Interfrut and others.



However, the arrival of wholesale membership clubs and warehouse stores allows the pulperia owner to use these large retail outlets to take additional control over pricing, packaging (most is done in the confines of the traditional market) and inventory.

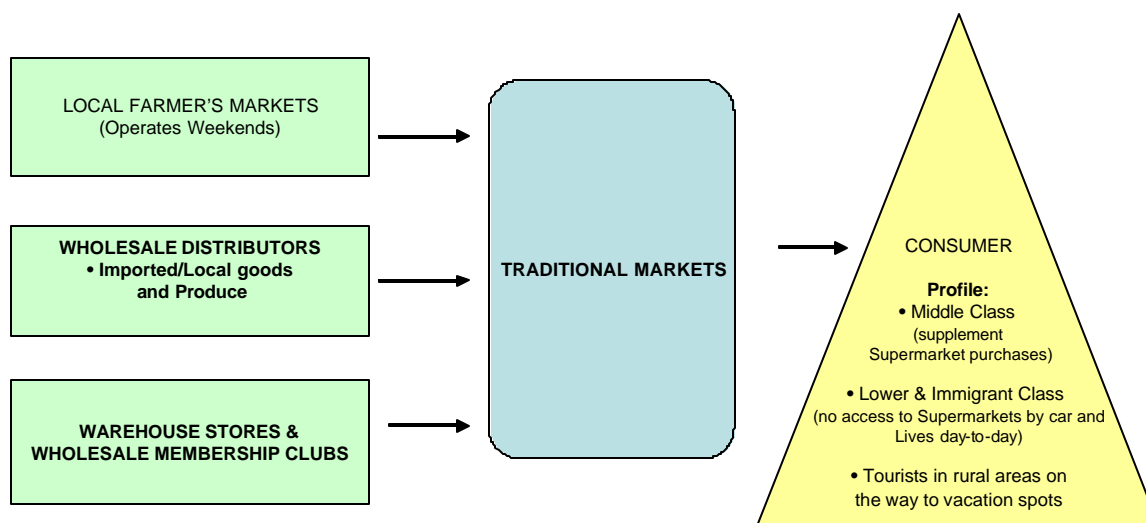
In warehouse and wholesale membership stores, traditional storeowners can purchase a large bag of rice or a large package of breaded chicken breasts and then sell them in small bags, packages or units. This concept, prevalent throughout Latin America, is the polar opposite of what occurs in the U.S. but is designed to save clients money as they purchase just enough for a day's meals in these ubiquitous stores.

A key distributor for the traditional market owner is the Costa Rican Chain of Food Retailers (Cadena de Detallistas) who for over 40 years has served pulperia owners through numerous self-serve warehouses offering over 6,000 items from some 600 suppliers. In 2004-2005 the Chain's revenues grew 21 percent while their client base (pulperias and mini-supers) grew 35 percent. The Chain of Retailers has their own private label that they would like to expand -- allowing them to lower costs for their members.

Distributors of bread, milk, snacks and other food items continue to make deliveries to pulperias and mini-supers although this form of distribution is increasingly viewed as too expensive and dangerous (robberies often occur). Local farmer's markets, as well as wholesale distribution centers for fish, meat, vegetables and fruit are also used by the traditional storeowner.

### Flow Chart 3

#### CHANNELS OF DISTRIBUTION IN COSTA RICA FOR TRADITIONAL MARKETS OR NEIGHBORHOOD CORNER STORES (A.K.A. "PULPERIAS" OR "MINI-SUPERS")



Source: COBOLCOR

## d. Sub-Sector Profile

**Table 5.**  
**Traditional Markets – Profile**

Retailer Name	Ownership	Sales (\$Mil/Year)	No. of Outlets	Locations (Urban/Rural) (City/Region)	Purchasing Agent Type
Names are as individual as the owners: "La Chilena", "Pulperia Barrio Mexico", "Los Norteños"	Local. Individually owned. Often passed down from generation to generation	Range \$10,000 to \$40,000+ from Pulperias to Mini-Supers based on size	13,000+	Urban/Rural Found especially in urban older neighborhoods and rural areas.	Pulperia owners purchase from: <ul style="list-style-type: none"> <li>▪ Well established distributors</li> <li>▪ Warehouse stores</li> <li>▪ Wholesale membership clubs</li> <li>▪ Wholesale fruit, vegetable, meat and fish distributors</li> <li>▪ Neighborhood farmers' markets.</li> </ul>

Source: COBOLCOR & interviews with traditional market owners July 2007.

## SECTION IV. COMPETITION

### Local Producers

There are over 1,300 companies in the Costa Rican food-processing sector. Encouraged by a relatively stable economy and government campaigns to foster the growth of small and medium-sized enterprises, the Costa Rican food industry is steadily growing, incorporating technological advances that offer a wide range of locally produced and processed items. The food manufacturing sector represents 40 percent of the national manufacturing production and in 2006 this sector exported over \$740 million.

Costa Rica has been incorporating advanced technologies into the conservation of locally produced foods -- preserves, concentrates, deep freezing, canning, and packaging thus opening the door to new markets and diversity, both for internal consumption and also for export. Key Costa Rica exports include coffee, bananas, sugar, preserves, jellies, heart of palm, concentrated tropical fruits, macadamia nuts, jalapeño peppers, food pastas, tropical sauces, tuna, and canned sardines -- among others.

Tropical fruits and vegetables like bananas, pineapples, cantaloupes, watermelons, mangos, yuca, ginger, yams, malanga, roots and tubers, vegetables and greens -- produced both with conventional methods as well as organically -- have been very important products in the international markets, as much as for fresh food consumption as for fresh raw ingredients.

Locally produced products that present competition to U.S. exporters include: meats (processed), dairy products, coffee, spices and condiments (sauces), vegetable oils, candies and chocolates, pasta, snacks, bakery and pastry products, soups (powder), beverages (beer, bottled water, fruit juices), and, of course, tropical vegetables and fruits.

Neighboring countries (Central America, Mexico and Panama) have the advantage of proximity and export large amounts of certain food products to Costa Rica such as fish, beans, breakfast cereals, avocados, fresh fruits and vegetables. Relations between Canada and Costa Rica are strong and are highlighted by a 2002 bilateral treaty - the Canada-Costa Rica Free Trade Agreement (CCRTA).

Chile and China are also major food competitors for the U.S. in Costa Rica. Analysis of some trends and observations of these markets follows.

Table 6 provides an overview of food imports, by sector and by country, from 2004-2006.

### **Canada and Chile**

- Chilean and Canadian fruits and vegetables, and especially potatoes from Canada enter the Costa Rican market free of import duties giving both importers a price advantage. Although Chilean fruit compliments the U.S. market's fruit, furnishing product during opposite seasons, retail food executives noted that Chilean suppliers are becoming more aggressive within the Costa Rican market,
- In 2006, Chile exported \$9 million of processed tomatoes (paste/sauce; vs. less than \$1 million from the U.S.) and Canada exported \$4 million of frozen fries (potatoes),
- Some \$4 million french fries from Canada enter Costa Rica annually,
- Canada also exports corn, soybeans, food preparations, wheat, and dried and shelled kidney beans,
- Total Canadian imports grew from \$82.7 million in 2004 to \$90 million in 2006,
- Total Chilean imports grew from \$109.8 in 2004 to \$217.2 in 2006, and
- \$5.3 million of condensed milk was imported from Chile in 2006.

### **China**

Costa Rica's relationship with China changed significantly in the last two years. In 2000 Costa Rican imports from China amounted to \$115 million. In 2006, imports from China reached \$618 million.

- Chinese imports grew from \$272 million in 2004 (3.3 percent of all imports), \$409 in 2005, and \$554 (4.8 percent) in 2006
- The U.S. is the main supplier of bulk items such as corn (maize), rice, soybeans and wheat (See Table 6 ), however in the past two years China's imports of beans reached over \$8 million a year, a category historically dominated by Nicaragua, Argentina and Honduras,
- Chinese imports of both fresh and dry vegetables grew from \$1.6 million in 2004 to \$2.8 in 2006 making it Costa Rica's key exporter in that category
- The Cadena de Detallistas (Chain of Food Retailers) which services thousands of traditional markets throughout the country indicates that Chinese suppliers are gaining audience in their organization.

### **CAFTA/DR**

New-to-export companies should be aware of the importance that trade agreements, tariffs and trade barriers have in doing business internationally. The CAFTA/DR Trade Agreement is one such example.

On Sunday, October 7, 2007 Costa Ricans, in a referendum election, voted to approve, by a narrow margin, the Central America-Dominican Republic-United States Free Trade Agreement (CAFTA/DR). Costa Rica has been the only missing participant of this Central American trade agreement. In order for this agreement to enter into force however, Costa Rica still needs to pass all of the implementing legislation by February 29, 2008.

CAFTA/DR is designed to reduce and then eliminate tariffs and trade barriers in a reciprocal nature with the U.S. The US Trade Representative has covered all aspects of this agreement extensively on their website. Please consult their web site (<http://www.ustr.gov/>) for current and historical information on CAFTA/DR.

US exporters should also be aware of Food and Agriculture Import Regulation Standards for exporting to Costa Rica, as well as Export Certificate requirements. This information can be found on in FAS GAIN reports CS7012 and CS7015.

Finally, the following tables present a snapshot of the major food imports in the last three years:

**Table 6.**

COSTA RICA MAJOR BULK IMPORTS BY CATEGORY									
2004				2005			2006		
PRODUCT CATEGORY	TOTAL IMPORTS -U.S. MILLIONS-	IMPORTS BY MAJOR SUPPLIER -U.S. MILLIONS-	MAJOR SUPPLIERS	TOTAL IMPORTS U.S. MILLIONS	IMPORTS BY MAJOR SUPPLIER -U.S. MILLIONS-	MAJOR SUPPLIERS	TOTAL IMPORTS U.S. MILLIONS	IMPORTS BY MAJOR SUPPLIER -U.S. MILLIONS-	MAJOR SUPPLIERS
Beans	19.4			22.4			21.0		
		10.6	Nicaragua		8.8	China		8.7	China
		4.0	Guatemala		6.4	Nicaragua		7.8	Nicaragua
		1.5	Honduras		2.4	Guatemala		2.5	Argentina
Corn (Maize)	91.4			74.9			124.1		
		91.0	U.S.		73.6	U.S.		123.4	U.S.
		0.01	Guatemala		1.0	Mexico		0.2	Nicaragua
		0.01	Argentina		0.09	Argentina		0.2	Guatemala
Rice	41.8			38.2			38.6		
		41.6	U.S.		38.1	U.S.		38.3	U.S.
		0.06	El Salvador		0.05	Nicaragua		0.2	El Salvador
		--	--		--	--		--	--
Soy beans	76.7			61.0			80.4		
		62.5	U.S.		61.0	U.S.		80.4	U.S.
		7.9	Uruguay		--	--		--	--
		6.2	Brazil		--	--		--	--
Wheat	42.2			43.9			62.4		
		42.2	U.S.		43.9	U.S.		62.4	U.S.
		--	--		--	--		--	--

Source: Data from Instituto Nacional de Estadísticas y Censos (INEC), <http://www.inec.go.cr>

Table 7

COSTA RICA MAJOR FOOD IMPORTS BY CATEGORY									
	2004			2005			2006		
PRODUCT CATEGORY	TOTAL IMPORTS -U.S. MILLIONS-	IMPORTS BY MAJOR SUPPLIER -U.S. MILLIONS-	MAJOR SUPPLIERS	TOTAL IMPORTS U.S. MILLIONS	IMPORTS BY MAJOR SUPPLIER -U.S. MILLIONS-	MAJOR SUPPLIERS	TOTAL IMPORTS U.S. MILLIONS	IMPORTS BY MAJOR SUPPLIER -U.S. MILLIONS-	MAJOR SUPPLIERS
Alcoholic Beverages (Beer, Wine, Other)	24.1			29.8			35.7		
		7.1	U.K.		8.2	U.K.		6.3	U.K.
		3.6	Chile		4.8	Chile		6.3	Mexico
		3.4	Mexico		4.0	Mexico		5.0	Chile
Bread, Pastries, Cookies	14.1			15.1			27.5		
		4.3	U.S.		4.5	U.S.		8.4	U.S.
		3.5	Guatemala		4.2	Guatemala		6.1	Guatemala
		1.6	Nicaragua		1.6	Nicaragua		5.0	El Salvador
Cereal (breakfast)	19.2			20.0			22.4		
		9.1	Guatemala		8.9	Guatemala		12.6	Guatemala
		4.4	El Salvador		2.4	U.S.		4.6	U.S.
		2.6	U.S.		2.3	Mexico		3.1	Mexico
Chocolate & Candy	27.3			31.4			41.6		
		5.8	Mexico		7.9	Mexico		7.8	Mexico
		5.5	U.S.		4.9	U.S.		7.4	U.S.
		3.7	Guatemala		4.1	Guatemala		6.8	Guatemala
Coffee, Tea, Spices	3.1			4.0			4.8		
		1.5	U.S.		1.9	U.S.		2.6	U.S.
		0.2	Panama		0.3	Mexico		0.6	Netherlands
		0.1	Chile		0.2	Netherlands		0.3	Chile
Dairy	13.6			16.0			19.8		
		4.0	Chile		5.0	Panama		5.4	Chile
		3.3	U.S.		4.7	Chile		5.4	Panama
		2.3	Panama		1.7	Nicaragua		2.7	Nicaragua
Egg Products	1.6			1.9			1.4		
		0.9	U.S.		1.2	U.S.		0.8	U.S.
		0.5	Panama		0.4	Panama		0.4	Panama
		0.06	Mexico		0.05	Mexico		0.1	Mexico
Fish & Seafood (fresh)	21.4			23.7			29.0		
		10.4	Panama		4.8	Mexico		7.0	Ecuador
		2.3	Venezuela		4.7	Panama		5.6	Panama
		1.3	U.S.		1.2	U.S.		4.8	Nicaragua
Fish & Seafood (prepared)	4.6			4.7			7.9		
		1.6	Spain		1.1	Spain		1.6	Spain
		1.0	U.S.		0.8	U.S.		1.6	El Salvador
		0.6	Thailand		0.8	Thailand		1.1	U.S.
Fruit and Nuts (fresh/dry)	32.3			32.9			46.6		
		10.0	U.S.		9.4	U.S.		12.4	Mexico
		9.3	Chile		8.1	Chile		11.9	U.S.
		7.6	Mexico		7.7	Mexico		12.0	Chile
Fruit & Nut Marmalades, Jellies, Pastes	7.1			7.5			10.0		
		3.9	U.S.		3.9	U.S.		5.0	U.S.
		1.5	Chile		1.3	Chile		2.2	Chile
		0.3	Mexico		0.4	Venezuela		0.5	Mexico
Juice (fruit and vegetable)	12.5			14.0			23.2		
		4.2	U.S.		5.1	U.S.		8.3	U.S.
		2.2	Guatemala		2.8	Guatemala		5.2	Guatemala
		1.9	El Salvador		2.2	El Salvador		3.6	El Salvador

Source: Data from the Instituto Nacional de Estadística y Censos, <http://www.inec.go.cr>

Table 7 (continuation)

COSTA RICA MAJOR FOOD IMPORTS BY CATEGORY									
	2004			2005			2006		
PRODUCT CATEGORY	TOTAL IMPORTS -U.S. MILLIONS-	IMPORTS BY MAJOR SUPPLIER -U.S. MILLIONS-	MAJOR SUPPLIERS	TOTAL IMPORTS U.S. MILLIONS	IMPORTS BY MAJOR SUPPLIER -U.S. MILLIONS-	MAJOR SUPPLIERS	TOTAL IMPORTS U.S. MILLIONS	IMPORTS BY MAJOR SUPPLIER -U.S. MILLIONS-	MAJOR SUPPLIERS
Meat (Red - fresh/frozen)	4.7	1.4 1.3 1.1	Mexico Nicaragua Chile	6.2	2.1 1.6 1.4	Mexico Nicaragua Chile	9.3	3.8 2.8 1.3	Nicaragua Mexico U.S.
Meat (prepared/preserved)	1.4	0.3 0.3 0.2	U.S. El Salvador Spain	1.0	3.0 0.3 0.1	U.S. Spain Mexico	1.4	0.5 0.2 0.2	U.S. Spain Panama
Pasta	2.5	0.8 0.5 0.2	Italy Guatemala Chile	2.5	0.9 0.7 0.2	Italy Guatemala U.S.	3.5	1.3 1.1 0.4	Italy Guatemala U.S.
Pet Food	7.3	4.7 2.0 0.4	U.S. Mexico Brazil	7.3	5.0 1.6 0.7	U.S. Mexico Brazil	12.3	8.4 1.9 1.5	U.S. Brazil Mexico
Pork (fresh and frozen)	1.9	1.7 0.2 --	Canada U.S. --	1.4	1.3 0.1 0.06	Canada Chile U.S.	2.4	2.2 0.09 0.04	Canada Chile U.S.
Poultry	1.1	0.9 0.1 0.08	U.S. Honduras Canada	1.6	1.1 0.2 0.1	U.S. Canada Honduras	3.2	1.8 1.0 0.2	U.S. Chile Canada
Vegetables (fresh/dry)*	7.9	2.0 1.6 1.6	U.S. Canada China	11.9	2.2 2.0 1.1	U.S. China Canada	16.0	2.8 1.5 1.5	China U.S. Canada
Vegetables, Fruit and Nuts (preserved)	29.8	6.6 6.4 4.4	Chile Canada U.S.	32.3	8.3 7.1 5.3	Chile Canada U.S.	44.7	12.0 9.1 6.2	Canada Chile U.S.
Water (mainly flavored), Soda	7.9	2.1 1.7 1.1	El Salvador Panama U.S.	9.6	2.5 2.3 1.2	Panama El Salvador Austria	15.6	4.0 3.2 1.9	El Salvador Nicaragua Panama

Source: Data from Instituto Nacional de Estadística y Censos, <http://www.inec.go.cr>.

The nearly 25 Costa Rican retail food executives interviewed for this report provided valuable insight and observations about retail food industry and what it takes for U.S. food manufacturers to enter, and to be successful in this market. The overwhelming sentiment from the executives was that importing food products from the U.S. is 'predictable,' a 'charm', and – 'easier than any other country.' That said, it could be questioned as to why the following list identifies more 'challenges' than 'advantages.'

In simple terms, the following should be noted:

- Retail food executives interviewed displayed keen interest in sharing information that would be beneficial to U.S. exporters since they *truly* want to import food items from the U.S. but recognized that other food exporters (especially from Chile, China and Canada) are steadily gaining market share.
- The 'Challenges' list contains relevant information from the media, visits to all kinds of retail and wholesale food outlets, visits with government officials, conversations with every-day citizens as well as others.

**Chart 5. Advantages and Challenges for U.S. Food Exporters**

<b>Advantages</b>	
<p>? Costa Rican food importers, distributors and retailers unequivocally say importing from the U.S. is: 'a charm', 'very easy,' easier than with any other country, likes the U.S. 'follow-through.'</p> <p>? Costa Rican food retailers want to establish more relationships with more suppliers and/or manufacturers. "There's lots of room for more U.S. products," they say.</p> <p>? Most large retailers expressed keen interest in bringing on, or adding U.S. 'private label' brands/items.</p> <p>? Despite '0' tariffs on frozen french fries from Canada and relatively high tariffs for U.S. french fries, importers/retailers (&lt;&gt;30 percent) purchase some U.S. french fries and want more.</p> <p>? Booming tourism industry dominated by U.S. tourists, pensioners and expats fosters a need for, and an appreciation of both general and niche food products from the U.S. (i.e. tender beef, smoked salmon).</p>	<p>? Costa Rica's growing middle class, many who frequently travel to the U.S., find, identify and booster acceptance of U.S.-made food products.</p> <p>? A new generation of two-person working households, means limited time for meal preparation and a demand for U.S. prepared, and in some cases frozen, foods.</p> <p>? U.S. manufacturers presently packaging one hundred calorie packaged cookies and small packages of ice tea mix in small units, for example, are ideally suited, for Costa Rica's 13,000 traditional markets, gas marts and convenience stores.</p> <p>? Consistency in value and supply characterizes U.S. products over products from competing countries.</p> <p>? Food products found in Chinese-American communities/cities may be ideal for the anticipated arrival of wealthy Chinese travelers who are being courted to come to Costa Rica for business and tourism.</p>
<b>Challenges</b>	
<p>? Retail food executives complain U.S. food suppliers and manufacturers cannot give Costa Rica retailers any purchase price advantage due to it's small market and volume.</p> <p>? Frozen foods, while evident in all supermarkets, and especially the wholesale clubs, are still met with (cultural/culinary) resistance and avoidance.</p> <p>? Chilean and Canadian fruits and vegetables (and especially frozen french fries from Canada) enter the market with "0" import taxes.</p> <p>? Chinese food imports, while still small, are seen as unbeatable in some areas. Garlic flowers sell at approximately 150 colones (30 cents), a price local growers cannot compete with.</p> <p>? Costa Rican retailers seek packaging that is ecologically sensitive, not a strength of U.S. manufacturers/packagegers.</p>	<p>? Organic products, while still of interest, and considered 'a trend' are not dominating the market in any significant way. Local organic farmers can meet national needs.</p> <p>? U.S. exporters don't have a marketing strategy and are unwilling to commit advertising dollars for popular newspaper campaigns or radio campaigns. One executive cites how a popular U.S. beer failed due to a lack of advertising.</p> <p>? Importers, especially of high-end products (for high-end restaurants and hotels) seek education for their sales force on the finer points and values of U.S. food products (i.e. handling special cuts of beef).</p> <p>? Fruit importers say they try to stretch-out their imports from Chile (whose fruit enters with 0 tariffs) thus trying to post-pone imports from the U.S. (U.S. and Chilean fruits complement each other's seasons).</p>

Challenges (continued)	
<p>? U.S. exporters, according to the Ministry of Health, consistently fail to fill out product registration and 'free to sell' forms correctly causing delays in processing entries of new products.</p> <p>? U.S. food products are not (generally) geared for the small traditional markets (13,000 pulperias) which sell items in their smallest unit possible (small cans, small packages, small envelopes).</p> <p>? Retail food executives say U.S. companies lack an aggressive approach to the Costa Rican market.</p> <p>? Food manufacturers and fruit and vegetables growers from Canada, Mexico, Latin America (Chile and Perú) and China have become increasingly aggressive thanks, in part to preferential tariffs and trade agreements and budding new cultural, commercial and economic relationships.</p> <p>? Larger versions of the traditional market/storeowners (often owned by people of Chinese heritage) or "mini-supers" (numbering in the thousands&lt;&gt;), coupled with Costa Rica's new relationship with China means that Chinese food suppliers are garnering attention with distributors and chambers.</p>	<p>? Some major retailers and importers (Wal-Mart, Perimercados, Belca Importers) have their own cattle farms, meat processing plants, bread processing facilities, etc. reducing the need for some imports.</p> <p>? U.S. exporters can't expect they'll get the same price for their prices in Wal Mart Costa Rica as they do in Wal Mart U.S. Recognizing this, Proctor &amp; Gamble reduced their introductory prices and gained market share,</p> <p>? Importers and distributors have to assign as many as 20-30 people to add Spanish labels to imports. Central American standardization of label requirements will assist in this endeavor.</p> <p>? While the market is replete with experienced importers and distributors, a need for 'additional logistical' support (regional warehouses) was stated.</p>

## SECTION V. CONTACTS AND FURTHER INFORMATION

For questions in relation to this report or assistance in exporting to Costa Rica, please contact the U.S. Embassy in San José at the following address:

### I. U.S. Embassy San José, Costa Rica.

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 E-mail: [san.josecr.officebox@mail.doc.gov](mailto:san.josecr.officebox@mail.doc.gov)  
 Website: <http://www.buyusa.gov/costarica/en/>  
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Mr. Mark E. Kissel, Economic Counselor  
Mr. José María Quirós, Economist

## II. Business, Country, Industry and Trade Associations and Chambers

AMCHAM (Local American Chamber of Commerce)  
Cámara Costarricense-Norteamericana de Comercio—AMCHAM  
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Contacts: Alonso Elizondo, Executive Director; Carola Medina, Administrative Assistant International  
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Cámara de Comercio Exterior de Costa Rica y de Representantes de Casas Extranjeras (CRECEX)  
(Chamber of Foreign Commerce of Costa Rica and of Representatives of Foreign Firms)  
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Website: [www.cicr.com](http://www.cicr.com)  
Contact: Mr. Jack Liberman, President  
Mrs. Martha Castillo, Executive Vice President

Cámara Nacional de Agricultura y Agroindustria  
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Ms. Gabriela Sandí, Executive Director

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(Costa Rican Chamber of Food Industries)  
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Contact : Mr. Mario Montero, Executive Director

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Contact: Ms. Pilar Madrigal, CINDE NY Executive

### III. Comprehensive Economic Information

Central Bank of Costa Rica	<a href="http://www.bccr.fi.cr">www.bccr.fi.cr</a>
Ministry of Foreign Trade	<a href="http://www.comex.go.cr">www.comex.go.cr</a>
Costa Rican Foreign Trade Corporation	<a href="http://www.procomer.com">www.procomer.com</a>
Bureau of Labor Statistics	<a href="http://stats.bls.gov">http://stats.bls.gov</a>

### IV. Statistics and Population

National Institute of Statistics and Census-INEC [www.inec.go.cr](http://www.inec.go.cr)

### V. Newspapers

La Nación:	<a href="http://www.nacion.co.cr">www.nacion.co.cr</a>
La Prensa Libre:	<a href="http://www.prensalibre.co.cr">www.prensalibre.co.cr</a>
El Financiero:	<a href="http://www.financiero.co.cr">www.financiero.co.cr</a>
The Tico Times:	<a href="http://www.ticotimes.net">www.ticotimes.net</a>
La República:	<a href="http://www.larepublica.net">www.larepublica.net</a>